

110TH CONGRESS
1ST SESSION

S. 1123

To provide an extension for filing a refund for the excise tax on toll telephone service, and to provide for a safe harbor for businesses claiming such a refund.

IN THE SENATE OF THE UNITED STATES

APRIL 17, 2007

Ms. STABENOW introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide an extension for filing a refund for the excise tax on toll telephone service, and to provide for a safe harbor for businesses claiming such a refund.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Simplified Small Busi-
5 ness Telephone Tax Relief Act of 2007”.

1 **SEC. 2. EXTENSION OF FILING PERIOD AND SAFE HARBOR**
 2 **FOR CERTAIN TAXPAYERS FOR REFUNDS OF**
 3 **THE EXCISE TAX ON TOLL TELEPHONE SERV-**
 4 **ICE.**

5 (a) EXTENSION OF FILING DEADLINE.—

6 (1) IN GENERAL.—Any overpayment attrib-
 7 utable to nontaxable service billed after February
 8 28, 2003, and before August 1, 2006, may be al-
 9 lowed—

10 (A) as a credit against any taxes imposed
 11 by subtitle A of the Internal Revenue Code of
 12 1986 for any taxable year ending after Decem-
 13 ber 30, 2006, and before January 1, 2008;

14 (B) as a credit against any taxes imposed
 15 by chapter 21 of such Code for any period end-
 16 ing after the date of the enactment of this Act
 17 and before January 1, 2008; or

18 (C) as a refund to the taxpayer under such
 19 rules as prescribed by the Secretary.

20 (2) SOCIAL SECURITY TRUST FUNDS HELD
 21 HARMLESS.—The Secretary of the Treasury shall,
 22 from time to time, transfer—

23 (A) from the general fund to the Federal
 24 Old-Age and Survivors Insurance Trust Fund
 25 an amount equal to the amount credited under
 26 paragraph (1)(B) which is attributable to taxes

1 imposed under sections 3101(a) and 3111(a) of
2 the Internal Revenue Code of 1986; and

3 (B) from the general fund to the Federal
4 Hospital Insurance Trust Fund an amount
5 equal to the amount credited pursuant to para-
6 graph (1)(B) which is attributable to taxes im-
7 posed under sections 3101(b) and 3111(b) of
8 such Code.

9 (b) SAFE HARBOR.—

10 (1) IN GENERAL.—In the case of an overpay-
11 ment described in subsection (a) with respect to an
12 eligible taxpayer, at the election of the taxpayer, in
13 lieu of the actual amount of nontaxable service billed
14 after February 28, 2003, and before August 1,
15 2006, the amount of the overpayment shall be an
16 amount equal to—

17 (A) \$50 in the case of an eligible taxpayer
18 with an adjusted gross income for the most re-
19 cent taxable year of less than \$100,000;

20 (B) \$100 in the case of an eligible tax-
21 payer with an adjusted gross income for the
22 most recent taxable year of at least \$100,000
23 but less than \$200,000;

24 (C) \$150 in the case of an eligible tax-
25 payer with an adjusted gross income for the

1 most recent taxable year of at least \$200,000
2 but less than \$300,000;

3 (D) \$200 in the case of an eligible tax-
4 payer with an adjusted gross income for the
5 most recent taxable year of at least \$300,000
6 but less than \$400,000;

7 (E) \$250 in the case of an eligible tax-
8 payer with an adjusted gross income for the
9 most recent taxable year of at least \$400,000
10 but less than \$500,000; and

11 (F) \$300 in the case of an eligible tax-
12 payer with an adjusted gross income for the
13 most recent taxable year of at least \$500,000.

14 (2) ELIGIBLE TAXPAYER.—For purposes of this
15 subsection, the term “eligible taxpayer” means any
16 taxpayer who—

17 (A) is—

18 (i) an entity, or

19 (ii) an individual who has at least
20 \$25,000 of gross income from a trade or
21 business for the most recent taxable year;
22 and

23 (B) was billed for nontaxable service for
24 any period beginning after February 28, 2003,
25 and before August 1, 2006.

1 (3) ELECTION.—

2 (A) IN GENERAL.—The election made
3 under this subsection shall be made in such
4 manner as the Secretary may by regulations
5 prescribe.

6 (B) SPECIAL RULE FOR CLAIMS RELATING
7 TO PRECEDING YEARS.—No election may be
8 made under this subsection with respect to an
9 overpayment described in subsection (a) on any
10 claim for a refund or credit filed after the date
11 of the enactment of this Act if the taxpayer has
12 previously made a claim for a refund or credit
13 with respect to such overpayment before such
14 date. The preceding sentence shall not apply if
15 the claim for a credit or refund is made on a
16 return amending the claim filed before the date
17 of the enactment of this Act.

18 (c) NONTAXABLE SERVICE.—For purposes of this
19 section, the term “nontaxable service” shall have the
20 meaning given to such term under Internal Revenue Serv-
21 ice Notice 2006–50, 2006–25 I.R.B. 1141.

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